

MINUTES OF THE REGULAR MEETING
OF THE
COMMISSIONERS OF THE CHICAGO HOUSING AUTHORITY
March 18, 2014

The Commissioners of the Chicago Housing Authority held its Regular Meeting of the Board of Commissioners on Tuesday, March 18, 2014 at approximately 8:35 a.m. at the CHA Corporate Offices, 60 E. Van Buren, 12th Floor Loft in Chicago, IL.

Chairwoman Z. Scott called the meeting to order and upon roll call, those present and absent were as follows:

Present:	Matthew Brewer
	Mark Cozzi
	Dr. Mildred Harris
	Harriet Johnson
	Jack Markowski
	Myra King
	Bridget Reidy
	Z. Scott

Absent:	Rodrigo Sierra
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Also present were Michael Merchant, Chief Executive Officer, Scott Ammarell, Chief Legal Officer; Chicago Housing Authority Staff Members and the General Public.

There being a quorum present, the meeting duly convened and business was transacted as follows:

Upon Motion made by Chairman Scott and properly seconded by Commissioner Markowski, the Commissioners adjourned to Executive Session. Chairwoman Scott announced that pursuant to the Open Meetings Act, 5 ILCS 120/2, the Board would adjourn for approximately one hour to discuss personnel related matters, pending, probable or imminent litigation and audit reviews.

The Commissioners subsequently reconvened in Open Session and upon roll call, those present and absent were as follows:

Present:	Matthew Brewer
	Mark Cozzi
	Dr. Mildred Harris
	Harriet Johnson
	Jack Markowski
	Myra King
	Bridget Reidy
	Z. Scott

Absent: Rodrigo Sierra

There being a quorum present, the meeting duly convened and business was transacted as follows:

After Motion made by Commissioner Markowski and seconded by Commissioner Johnson the Minutes for the Regular and Closed meetings of February 18, 2014 were unanimously approved as submitted.

Chairwoman Scott then introduced the three items discussed in Executive Session and Commissioner Markowski presented an Omnibus Motion for approval of Items 1A, 1B and 2:

(Item 1A)

RESOLUTION NO. 2014-CHA-25

WHEREAS, The Board of Commissioners has reviewed the Board Letter dated March 18, 2014, entitled Settlement Agreement in the matter of Sanjiv Jain vs. Chicago Housing Authority, requesting authorization to enter into a settlement agreement in the amount of \$240,000.00 in this matter.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Legal Officer, or his designee, to enter into a settlement agreement in the amount of \$240,000.00, in the above matter known as Sanjiv Jain vs. Chicago Housing Authority.

(Item 1B)

RESOLUTION NO. 2014-CHA-26

WHEREAS, The Board of Commissioners has reviewed the Board Letter dated March 18, 2014, entitled Settlement Agreement in the matter of Richard Rothstein vs. Chicago Housing Authority, requesting authorization to enter into a settlement agreement in the amount of \$190,000.00 in this matter.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Legal Officer, or his designee, to enter into a settlement agreement in the amount of \$190,000.00, in the above matter known as Richard Rothstein vs. Chicago Housing Authority.

(Item 2)

RESOLUTION NO. 2014-CHA-27

WHEREAS, The Board of Commissioners has reviewed the Board Letter dated March 18, 2014, entitled AUTHORIZATION TO ENTER INTO LEGAL SERVICES CONTRACT WITH FORD HARRISON LLP TO REPRESENT THE CHICAGO HOUSING AUTHORITY ("CHA") DEFENDANTS IN THE LAWSUIT OF DONALD ANDERSON VS. CHA, ET AL, CASE No. 14 L 1213 AND STELLA LOGAN VS. CHA, ET AL, CASE No. 14 L 1214, requesting authorization to enter into said the contract.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Legal Officer, or his designee, to enter into legal services contract with FORD HARRISON LLP to represent the CHA defendants in the lawsuit of Donald Anderson vs. CHA, et al, Case No. 14 L 1213 and Stella Logan vs. CHA, et al, Case No. 14 L 1214, subject to the approval of the U.S. Department of Housing and Urban Development

The Motion to adopt resolutions for Items 1A, 1B and Item 2, was seconded by Commissioner Cozzi and the voting was as follows:

Ayes:	Matthew Brewer
	Mark Cozzi
	Dr. Mildred Harris
	Harriet Johnson
	Jack Markowski
	Myra King
	Bridget Reidy
	Z. Scott

Nays:	None
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There being no questions or discussion, Chairwoman Scott thereupon declared said Motion carried and said resolutions adopted.

Commissioner Mark Cozzi, Chairman of the Personnel Committee, then presented his report. Per Commissioner Cozzi during closed meeting, Commissioners discussed Item 3-Ratification of Personnel Actions. On behalf of the Personnel Committee, Commissioner Cozzi presented a Motion for the approval of Item 3.

(Item 3)

RESOLUTION NO. 2014-CHA-28

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated March 18, 2014, entitled "Ratification of Personnel Actions":

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners hereby approves the requested personnel actions

The Motion to adopt resolution for Item 3 was seconded by Commissioner Markowski and the voting was as follows:

Ayes:	Matthew Brewer
	Mark Cozzi
	Dr. Mildred Harris
	Harriet Johnson
	Jack Markowski
	Myra King
	Bridget Reidy
	Z. Scott

Nays:	None
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There being no questions or discussion, Chairwoman Scott thereupon declared said Motion carried and said resolution adopted.

Commissioner Bridget Reidy, Chairwoman of the Operations and Facilities committee then presented her report. Per Commissioner Reidy, the Operations Committee meeting was held on Wednesday, March 12, 2014 at approximately 1:15 p.m. at the 60 E. Van Buren Corporate Offices. Present at the meeting were Commissioners Brewer, Harris, Markowski and Sierra. Members of the Operations Committee then discussed and voted for full Board approval the 3 items appearing on the Agenda.

On behalf of the Operations Committee, Commissioner Reidy then presented an Omnibus Motion for the approval of Items 4 through 6.

(Item 4)

The resolution for Item 4 approves submittal of the FY2013 Moving to Work (MTW) Annual Report to HUD. CHA and HUD signed the original MTW Agreement on February 6, 2000 which allowed CHA to implement the original Plan for Transformation. CHA's Amended and Restated MTW Agreement with HUD was fully executed on June 26, 2008 which extended CHA's participation in the MTW Demonstration Program through FY2018. In April 2013, CHA unveiled a new strategic plan, *Plan Forward: Communities that Work*, which outlines the agency's newly articulated mission and strategic goals that will guide CHA's current and future work. As CHA implements Plan Forward initiatives, the agency will continue to pursue the three statutory objectives of the MTW Demonstration Program: *MTW Statutory Objective I*: Increase housing choices for low-income families. *MTW Statutory Objective II*: Give incentives to families with children where the head of household is working, seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient. *MTW Statutory Objective III*: Reduce costs and achieve greater cost effectiveness in federal expenditures. As part of the MTW Agreement, CHA is required to submit an Annual Report to HUD, due 90 days after the end of the fiscal year. The FY2013 MTW Annual Report provides information necessary for HUD to assess CHA's performance in FY2013 regarding both day-to-day operations and activities authorized by the MTW Demonstration Program. In May 2013, HUD issued a revised Form 50900 (Attachment B to the Amended and Restated MTW Agreement) which outlines new requirements for the content of MTW Annual Plans/Reports and for tracking the impact of MTW activities. CHA's FY2013 MTW Annual Report is the first document in which CHA must fully adopt these new reporting requirements. CHA will continue to work with HUD to ensure compliance with the new Form 50900.

RESOLUTION NO. 2014-CHA-29

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated March 12, 2014 requesting approval of the FY2013 Moving to Work Annual Report, attached hereto;

THEREFORE BE IT RESOLVED BY CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners hereby approves the attached FY2013 Moving to Work Annual Report and grants authorization to the Chief Executive Officer, the Board Chairperson, or their designee to make any final updates as deemed necessary.

THAT the Board of Commissioners grants authorization to submit the FY2013 Moving to Work Annual Report to the U.S. Department of Housing and Urban Development on March 31, 2014. Such approval shall constitute conclusive evidence of the Board's approval of any and all such changes.

(Item 5)

The resolution for Item 5 approves a contract for the redevelopment and a Predevelopment Loan Agreement with BMD-I, LLC for the redevelopment of Clybourn/Division Development. The Amended Cabrini Consent Decree of 2001 guides the redevelopment effort for the former Cabrini Extension North site and related parcels in the Near North Area. The Consent Decree stipulates redevelopment of 700 public housing and 270 affordable rental units based on an income mix of 50% market rate, 30% public housing and 20% affordable. The Consent Decree also stipulates Cabrini-Green LAC participation on CHA and City land, among other items related to redevelopment of Cabrini Extension North. To date, a total of 434 public housing and 153 affordable rental units have been delivered in mixed income housing. The City of Chicago (City) released a Request for Proposals on September 20, 2010 for planning, redevelopment, and management of a new mixed-income, mid-rise rental building including retail/commercial space. As a City-approved Developer, Brinshore-Michaels submitted this project under the Cabrini Consent Decree. As required, the project was noticed to the public and one other response was received. Brinshore-Michaels was found most responsive to City and CHA goals and was selected the developer by the Near North Working Group. The Clybourn/Division 42,618 sq. ft. site that fronts both Clybourn and Division is a City-owned parcel currently used by City Farms. The site is bounded by Clybourn Ave. on the east, Division St. on the south, Cleveland Ave. on the west, and a public alley north of Division. Parkside of Old Town development is directly across the site, on the south side of Division St. The redevelopment is comprised of 77 mixed-income units with 24 public housing, 15 affordable and 38 market rate units. It also includes approximately 17,200 sq. ft. of retail/commercial space including, but not limited, to a daycare and restaurant and 11,200 sq. ft. of community space including a roof-top community garden. The \$833,850 CHA loan will not exceed 75% of eligible Clybourn/Division third party predevelopment costs consistent with HUD cost control guidelines. The total predevelopment budget is \$1,111,800 and the developer will cover the remaining 25% of the budget. This loan will help fund predevelopment costs that include: architectural and engineering design development and construction documents, permit fees, technical reports and surveys, and related real estate services. All predevelopment funds loaned will be repaid in full to CHA at the project's transaction closing.

RESOLUTION NO. 2014-CHA-30

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated March 12, 2014 entitled Authorization to 1) Enter into a Contract for Redevelopment with BMD-I, LLC for the Clybourn/Division development; 2) Enter into a Predevelopment Loan Agreement with BMD-I, LLC in an amount not to exceed \$833,850; and 3) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to 1) Enter into a Contract for Redevelopment with BMD-I, LLC (Brinshore-Michaels) for the Clybourn/Division development; 2) Enter into a Predevelopment Loan Agreement with BMD-I, LLC in an amount not to exceed \$833,850; and 3) Execute and deliver

such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

This award is subject to the Contractor's compliance with the CHA's MBE/WBE/DBE, Section 3 and insurance requirements.

(Item 6)

The resolution for Item 6 approves the CHA's medical marijuana policy. Marijuana for medical use in the State of Illinois became legal on January 1, 2014 with the passing of the *Compassionate Use of Medical Cannabis Pilot Program Act*. The Act removed state-level criminal penalties on the use and possession of an adequate supply of marijuana by a registered qualified patient. Once this law came into effect, CHA was required by HUD to develop and adopt a Medical Marijuana Policy abiding by federal laws and the recommendations made by HUD. These policies are to apply to all housing assistance programs and to all current residents or applicants of these programs. HUD's memorandum makes no distinction between the use or possession of medical marijuana by a member of the household and the use or possession of any illegal controlled substance. HUD states that the policy must prohibit admission to the program or admission to federally assisted housing for any household with a member who at the time of consideration is using or possessing medical marijuana. Additionally, HUD states that there must be a termination policy based on the use or possession of medical marijuana available to those current tenants or members receiving assistance. Public housing authorities have statutorily authorized discretion in the eviction or termination of services process when basing such action on the use or possession of medical marijuana as indicated by HUD. Further, HUD mandates that public housing authorities deny all reasonable accommodation requests made requesting the use or possession of medical marijuana pursuant to the HUD Fair Housing and Equal Opportunity Office's January 20, 2011, memorandum. The CHA's Medical Marijuana Policy incorporates all the requirements put forth in HUD's memorandum. Specifically, the CHA's Medical Marijuana Policy: denies the admission of any applicant who is engaged in the use of medical marijuana to its programs; maintains discretionary oversight in the treatment of current residents who use medical marijuana; categorically denies any request for use of medical marijuana as a reasonable accommodation.

RESOLUTION NO. 2014-CHA-31

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated March 12, 2014, entitled "RECOMMENDATION TO APPROVE THE CHICAGO HOUSING AUTHORITY'S MEDICAL MARIJUANA POLICY";

THEREFORE BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners hereby authorizes the Chief Executive Officer or his designee to approve the Chicago Housing Authority's Medical Marijuana policy.

THAT the Board of Commissioners hereby approves as an amendment the CHA's Medical Marijuana Policy to the current and all future iterations of the CHA's Admissions and Continued Occupancy Policy and the CHA's Administrative Plan for the Housing Choice Voucher Program.

The Motion to adopt resolutions for Items 4, 5 and 6 was seconded by Commissioner Harris and the voting was as follows:

Ayes:	Matthew Brewer
	Mark Cozzi
	Dr. Mildred Harris
	Harriet Johnson
	Jack Markowski
	Myra King
	Bridget Reidy
	Z. Scott

Nays:	None
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There being no questions or discussion, Chairwoman Scott thereupon declared said Motion carried and said resolutions adopted.

Commissioner Jack Markowski then presented the report of the Finance Committee. Per Commissioner Markowski, due to a lack of quorum on Wednesday, March 12, 2014, the Finance Committee did not officially meet, however, Commissioners and the public were briefed on the item appearing on the agenda, and the item was open to comments and questions from Commissioners and the public, but for the record, no vote was taken. On behalf of the Finance Committee, Commissioner Markowski then presented a Motion for the approval of Item 7:

(Item 7)

The CHA must annually renew its insurance coverage for the Property Manager's Insurance Program (PMIP). In 2001, HUD authorized the CHA to have its insurance broker of record competitively solicit bids on CHA's behalf for all forthcoming insurance procurements. An integral component of CHA's marketing plan has been the property tour. Underwriters were invited to a presentation by CHA staff and a tour of three development locations. The tour was designed to give the underwriters a first-hand look at each type of development (Senior, Family, Scattered Sites) and to allow informal question and answer sessions with the PPM staff. This strategy supports the touted success of the Plan for Transformation and the resulting improvement in CHA's real estate portfolio, which is reflected in improved claim results and increased competition by insurers willing to provide coverage. The Authority's investment in the Life Safety upgrades for Senior high-rise buildings was of particular interest to the underwriters. Aon directly and indirectly (through one wholesaler) solicited requests for insurance premium quotes from 22 insurance carriers for each line of the coverage lines. The solicitation notice was also posted on CHA's website and assist agencies were notified that this solicitation was conducted by Aon on CHA's behalf. Aon was able to obtain competition in each layer of coverage and received quotes from four new carriers. After reviewing the premium quotes, AON and CHA's Risk Management Department recommend that insurance coverage for CHA's PMIP be purchased through its insurance broker of record, Aon, for the period of April 1, 2014 through March 31, 2015 for an aggregate amount not-to-exceed \$1,152,646 broken down as follows: (1) Primary General Liability coverage written through Swiss Re American Holding/First Specialty (rating A+ XV) in an amount not-to-exceed \$515,213; (2) Umbrella Liability coverage written through Ace USA/Illinois Union (rating A+ XV) in an amount not-to-exceed \$466,493; and (3) Excess Liability written through Ironshore (rating A IV) in an amount not-to-exceed \$170,940.

RESOLUTION NO. 2014-CHA-32

WHEREAS, the Board of Commissioners has reviewed the memorandum dated March 12, 2014 entitled “AUTHORIZATION FOR THE CHA TO AWARD CONTRACTS FOR GENERAL LIABILITY, UMBRELLA LIABILITY, AND EXCESS LIABILITY INSURANCE COVERAGE FOR THE PROPERTY MANAGERS’ INSURANCE PROGRAM TO SWISS RE AMERICAN HOLDING/FIRST SPECIALTY, ACE USA/ILLINOIS UNION, AND IRONSHORE;”

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT The Board of Commissioners authorizes the Chief Executive Officer or his designee to purchase the insurance coverage for CHA's Property Managers' Insurance Program for the period of April 1, 2014 through March 31, 2015 for an aggregate amount not-to-exceed \$1,152,646, through its insurance broker of record, AON Risk Services Central, Inc. (“AON”) broken down as follows: (1) Primary General Liability coverage written through Swiss Re American Holding/First Specialty in an amount not-to-exceed \$515,213; (2) Umbrella Liability coverage written through Ace USA/Illinois Union in an amount not-to-exceed \$466,493; and (3) Excess Liability written through Ironshore in an amount not-to-exceed \$170,940.

The Motion to adopt resolution for Item7 was seconded by Commissioner Reidy and the voting was as follows:

Ayes:	Matthew Brewer Mark Cozzi Dr. Mildred Harris Harriet Johnson Jack Markowski Myra King Bridget Reidy Z. Scott
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Nays:	None
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There being no questions or discussion, Chairwoman Scott thereupon declared said Motion carried and said resolution adopted.

Chairwoman Scott then introduced the resolution for Item 8 – Recommendation to appoint Karen Caldwell as member of the Audit Committee. Per Chairwoman Scott, Ms. Caldwell is a certified public accountant with extensive finance experience. She currently serves as the managing Director of Alternative Investments for Armundi Alternative Investments and has an MBA in Finance and Marketing from the Kellogg School of Management at Northwestern University.

Commissioner Brewer then resented a Motion for approval of Item 8:

(Item 8)

RESOLUTION 2014-CHA-33

WHEREAS, the Board of Commissioners (“**Board**”) of the Chicago Housing Authority (the “**Authority**”) has previously adopted Resolution 2014-CHA-5, entitled “A Resolution Establishing an Audit Committee and Adopting the Audit Committee Charter,” and

WHEREAS, the Audit Committee Charter provides that one member of the Audit Committee shall be selected from the general community, in accordance with the provisions set forth in Section 2 of the Charter; and

WHEREAS, the Board has carefully reviewed the professional qualifications of Karen L. Caldwell and determined that she is a Certified Public Accountant with outstanding credentials and extensive experience in areas including accounting, finance, and business and asset management; and

WHEREAS, the Board hereby finds that Karen L. Caldwell is independent of Authority operations, as required by Section 2 of the Charter; and

WHEREAS, the Board hereby finds that it is in the best interests of the Authority to appoint Karen L. Caldwell to the Audit Committee:

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Chicago Housing Authority, Cook County, Illinois, as follows:

Section 1. **Incorporation of Recitals.**

The recitals set forth above are hereby found to be true and correct and are incorporated in their entirety as if fully set forth in this Section 1.

Section 2. **Appointment of Karen Caldwell**

Karen L. Caldwell is hereby appointed to serve on the Audit Committee, for a term beginning on the effective date of this Resolution and ending on March 31, 2017.

Section 3. **Effective date.**

This Resolution shall be in full force and effect after its passage as provided by law, and any other resolutions.

The Motion to adopt resolution for Item 8 was seconded by Commissioner Cozzi and the voting was as follows:

Ayes:	Matthew Brewer
	Mark Cozzi
	Dr. Mildred Harris
	Harriet Johnson
	Jack Markowski
	Myra King
	Bridget Reidy
	Z. Scott

Nays:	None
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There being no questions or discussion, Chairwoman Scott thereupon declared said Motion carried and said resolution adopted.

Michael Merchant, Chief Executive Officer then presented his monthly report to the Commissioners.

Chairwoman Scott then invited residents and the public at large to address the Board.

There being no further business to come before the Commissioners, upon Motion made and seconded the March 18, 2014 meeting of the Board of Commissioners was adjourned.

Z. Scott
Chairwoman, Chicago Housing Authority

Lee Chuc-Gill, Secretary
Custodian and Keeper of Records